

ITEM #9

SMART GROWTH LEGISLATION 2005-2006 LEGISLATIVE SESSION

NEW INCENTIVES

SB 223 Infill Housing

Introduced by: Senator Torlakson

Establishes the Job-Center Housing Planning Program to be administered by the Department of Housing and Community Development for the purpose of providing loans, to the extent funds are made available for this purpose, to cities, counties, and cities and counties to adopt specific plans or equivalent planning documents that provide for additional infill housing opportunities. Specifically SB 223 would:

- Require, as a condition of loan eligibility, that a specific plan or equivalent land use plan meet specified criteria, including that it cover an area that is predominantly urbanized and served by public transportation and that it allow for the development of at least 200 new housing units in a non metropolitan area or 500 new housing units in a metropolitan area.
- Limit the amount of a loan from the fund to \$1,000,000 for a term of not more than 10 years at 3% simple interest, except that the department would be permitted to forgive interest or principal, or both, on the loan or extend the term of the loan.

Status: In Appropriations Suspense File. Last amended on April 12th.

SB 521 Local Planning: Transit Village Plans

Introduced by: Senator Torlakson

This bill adds a new condition of economic blight which applies only to transit village developments: economic blight can exist if there is a lack of high density development within a transit village development district. However, this bill also places nine requirements on the use of this new condition, including limiting its use to 11 rail transit agencies and requiring that the California Infrastructure and Economic Development Bank make a finding that the property within the transit village development district cannot be developed by private enterprise or government action, or both, without the use of redevelopment. This bill also expands "use by right" to parcels within a transit village development district designated for multifamily residential development, thereby creating a CEQA exemption

Status: In Appropriations Suspense File.

AB 350 Jobs-Housing Opportunity Zones

Introduced by: Assembly Member Matthews

Authorizes cities and counties to create infrastructure financing districts (IFDs) in designated jobs-housing opportunity zones to finance public facilities in the five-county Interregional Partnership area of Northern California. Specifically, it will:

- Allow the Counties of Alameda, Contra Costa, Santa Clara, San Joaquin, and Stanislaus, and cities within those counties, to create IFDs in "jobs-housing opportunity zones" selected by the Interregional Partnership Pilot Project for the purpose of mitigating current and future imbalances of jobs and housing.

- Authorize the IFDs established in the jobs-housing opportunity zones to use tax increment financing to fund public works.
- Require the California Infrastructure and Economic Development Bank to review and approve a proposed infrastructure financing plan submitted by a city or county or return it for changes. The bank would be required to approve not more than 3 proposed infrastructure financing plans commencing with the 2006-07 fiscal year, and 2 more thereafter beginning with the 2007-08 fiscal year for a total of no more than 5 plans.

Status: Passed Local Government Committee. In Assembly Appropriations suspense file.

AB 986 Transit Oriented Development

Introduced by: Assembly Member Torrico

Requires the joint policy committee to prepare a plan identifying no more than 50 regional priority transit oriented development zones for the San Francisco Bay Area region. The report would be reviewed and approved by the Metropolitan Transportation Commission and the executive board of the Association of Bay Area Governments and submitted to the Legislature by January 1, 2007. In addition AB 986 would:

- Authorize the governing body of a regional priority transit oriented development zone to establish a property and business improvement district or Mello-Roos community facilities district to facilitate the construction of infrastructure and higher density, mixed-use developments, and
- Entitle a mixed-use development that is located within a regional priority transit oriented development zone that otherwise meets the qualifications for a density bonus to an additional density bonus of 5% above the bonus to which it is already entitled.

Status: In Local Government Committee. Last Amended April 26th.

AB 1203 Housing: Regional Job Growth

Introduced by: Assembly Member Mullin

Declares the Legislature's intent to authorize local governments to create "Greyfield" housing and investment zones in coordination with a regional process, in specific areas where additional job growth and high density housing is desired to match transportation, air quality, and other regional priorities. The created zones will have tax increment authority, access to transportation funds, future infrastructure improvement funds, and affordable housing funds.

Status: Introduced, not scheduled for hearing.

SB 673 CEQA legislative intent housing projects

Introduced by: Senator Denham

Enables the Legislature to enact legislation to revise the requirements of CEQA governing the environmental review of proposed residential housing projects in urban areas that have demonstrated housing shortages.

Status: Introduced, To Rules for committee assignment

SB 948 CEQA environmental impact reports – short forms

Introduced by: Senator Murray

Allows a short form environmental impact report to be prepared for a project subject to CEQA if it has been determined that the project meets specified criteria, including that the project consists of a residential development combined with one or more qualified urban uses, as defined, is located within the boundaries of an incorporated city or within an unincorporated area designated in an approved local general plan for and is consistent with specified land use requirements.

Status: Introduced. To Committee on Environmental Quality

AB 1387 CEQA Residential infill projects

Introduced by: Assembly Member Jones

Authorizes local governments to approve residential projects, not exceeding 200 units, on infill sites in urbanized areas without having to mitigate for traffic impacts if the transportation impacts are already covered by a general plan and associated EIR.

Status: In Natural Resources Committee. Hearing canceled at author's request

AB 1259 Property Tax Revenue Allocation

Introduced by: Assembly Member Daucher

Requires the county auditor to increase the total amount of ad valorem property tax revenue otherwise required to be allocated to a qualified city, qualified county, and qualified city and county, as defined, by a housing bonus amount. Also requires the county auditor to commensurately reduce the total amount of ad valorem property tax revenue otherwise required to be allocated to all other local agencies in the county by the countywide housing bonus amount, as specified.

Defines a qualified city, qualified county, and qualified city and county as an entity that has exceeded 80% of the Regional Housing Needs Allocation.

Status: In Local Government Committee. Hearing postponed at author's request.

MODIFICATIONS TO EXISTING INCENTIVES

SB 832 CEQA Infill development

Introduced by: Senators Perata, Lowenthal and Torlakson

Broadens the current CEQA infill exemption for sites in cities with a population greater than 200,000. Provides an alternative to those criteria that currently exempts a residential project located on an infill site by increasing the exempted site size from 5 to 10 acres and the maximum number of residential units from 100 to 300, respectively, as determined by a resolution of the city council.

Status: In Appropriations. Last amended May 4th. Set for hearing May 23rd.

AB 1450 Land Use: Density Bonus

Introduced by: Assembly Member Evans

Requires that units targeted for moderate-income households, as part of a housing development receiving a density bonus, be affordable at a rent that does not exceed 30% of 120% of the area's median income, and creates requirements for the continued affordability and resale of said units.

Staff Comments: (Source: Legislative Analyst, Sullivan) SB 1818 (Hollingsworth, 2004) made significant changes to the state's Density Bonus Law by, among other things, raising the density bonus from 25% to 35% and extending the bonus to developers who include moderate-income units in condominium projects or planned developments. The stated purpose for including moderate income units was to encourage the building of units affordable to first-time homebuyers.

The proponents of AB 1450 are concerned that SB 1818 contained insufficient guarantees for the continued affordability of moderate-income units past their initial sale. Density bonus law does include such guarantees for lower income units. They propose, amongst other things, to require a local government to ensure the "affordability" of all units that are used to obtain a density bonus for a period of at least 30 years.

Currently local governments are permitted to make and enforce affordability covenants for moderate-income housing under inclusionary zoning ordinances. AB 1450 may be premature and/or unnecessary as SB 1818 has only been in effect since January - not enough time to determine whether the "abuses" of the moderate-income provisions cited by the proponents have occurred or will occur.

Status: In Local Government Committee, hearing canceled at author's request.

SB 435 Housing Density Bonuses

Introduced by Senator Hollingsworth

Makes a number of technical, clarifying and substantive changes to density bonus law, including, but not limited to:

- How the percentage of affordability for purposes of determining how the applicable density bonus is calculated by dividing the number of affordable units by the total number of units before any density bonus is applied.
- That upon resale of a moderate-income unit, the local government shall recapture both the initial subsidy and a proportionate share of appreciation, unless in conflict with another funding source or law.
- That a local government must grant incentives and concessions only to applicants for a traditional density bonus, not to applicants for a land donation density bonus.
- That an applicant is entitled to one additional incentive or concession if less than 50 percent of the permitted density bonus will be utilized.

Status: Passed Senate. In Assembly.

DISINCENTIVES: PRESCRIPTIVE/RESTRICTIONS ON PLANNING

SB 575 Housing Development Projects

Introduced by: Senator Torlakson

Revises the conditions upon which a disapproval or a conditional approval of the housing development project is based. Requires a city or county to have met or exceeded its regional housing need for lower and moderate income housing before the jurisdiction disapprove an affordable housing development based on lack of need.

Status: Passed Senate. In Assembly.

SB 968 Land Use Planning: General Plans

Introduced by: Senator Torlakson

Requires a land use element to identify sufficient land to accommodate the jurisdiction's housing needs at appropriate densities through the end of the general plan's planning period.

Makes a number of findings relating to the threat that the lack of housing poses to the state's competitiveness and prosperity, the need for comprehensive and long-term planning for housing, the need to reflect local needs and circumstances, and the need to support public services and infrastructure.

Status: Passed Senate. In Assembly.

AB 712 Land Use Densities

Introduced by: Assembly Member Canciamilla

Modifies the circumstances that can trigger the requirement that a local government can make a housing density reduction finding.

- Requires that every local jurisdiction with a general plan guarantee that its housing element inventory accommodate enough sites to satisfy its share of the regional housing need assessment (RHNA) throughout the planning period.
- Requires a local government to make specified written findings supported by substantial evidence if it reduces housing density for sites identified in its housing element below the total housing unit capacity for its inventory.
- Provides that, if the Department of Housing and Community Development (HCD) has utilized a specific density to determine a local government's compliance with the requirement that it plan to provide sites for the portion of its RHNA allotment not provided for in its inventory of existing sites, use of that specific density by the local government constitutes "lower residential density" and requires written findings.
- Requires a local government to make specified written findings supported by substantial evidence if it reduces housing density below 80% of the maximum allowable residential density for a parcel not identified in its housing element.
- Clarifies that the 80% limit on down zoning applies only to sites that are currently zoned residential, and that it is meant to apply specifically to jurisdictions that have failed to adopt a housing element.

Status: Passed Assembly. In Senate.

AB 1367 General Plans: Regional Housing Needs

Introduced by: Assembly Member Evans

Prohibits a state, local, or regional agency, or any other governmental entity from enacting regulations applicable to a city or county's fair share of the regional housing need that are contrary to the land use determinations made in compliance with locally adopted land use initiatives.

Status: In Local Government Committee. April 18th hearing canceled at Evan's request. Last amended on April 11th.

IMPROVED PLANNING**SB 44 General Plans: Air Quality Element**

Introduced by: Senator Kehoe

Would declare a legislative finding that air pollution is a serious problem and would require the legislative body of each city and county, including those in the San Joaquin Valley Air Pollution Control District, to either adopt an air quality element as part of its general plan or amend the appropriate elements of its general plan to include data and analysis, comprehensive goals, policies, and feasible implementation strategies intended to contribute to and complement other local, regional, state, and federal strategies to improve air quality no later than one year from the date specified for the next revision of its housing element.

Status: In Appropriations. Last amended on May 9th.

AB 1020 Planning: Smart Growth Models

Introduced by: Assembly Member Hancock

Requires certain federally-designated metropolitan planning organizations and certain state-designated regional transportation planning agencies to develop and implement improved regional travel models incorporating smart growth concepts and to undertake other related planning activities. In addition AB 1020:

- Requires the department to provide all necessary financial assistance to these agencies.
- Requires all transportation models used by state or regional agencies to be usable on personal computers and to be made available to the public.

Status: Introduced, not scheduled for hearing. Made into two-year bill.

AB 1464 CEQA Environmental impact reports: review

Introduced by: Assembly Member McCarthy

Requires a public review period to be at least as long as the period of review by a state agency and it would allow the state agency review and the public review to run concurrently.

Status: Passed Assembly. In Senate Environmental Quality Committee

FINANCE: FISCAL REFORM

SB 17 Property Tax: Change in Ownership

Introduced by: Senator Escutia

Provides that for companies, other than publicly traded companies, when over 50% of the ownership interest in the company has been transferred to one or more persons or other entities, in one or more transactions during an assessment year, the real property owned by the company shall be reappraised to full market value.

Status: In Senate Appropriations – hearing set May 17th.

AB 1033 Property Tax Revenue Allocations

Introduced by: Assembly Member Daucher

This bill increases property tax allocations to certain county governments that received less than the statewide average percentage of property tax revenues for the 2002-03 fiscal year by transferring property tax revenues from the Educational Revenue Augmentation Fund (ERAF) in each qualifying county, beginning in 2006-07.

Status: In Assembly Appropriations Suspense file.

SB 1060 Local Government Finance

Introduced by: Senators Campbell and Perata

Authorizes two or more local agencies within a county to enter into a contract to exchange property tax revenues for Bradley-Burns sales and use revenues. The contract requires the approval by a majority vote of the entire membership of the governing body of each affected local agency.

Status: Passed Senate. In Assembly..

AB 1146 Local Government Finance

Introduced by: Assembly Member Huff on February 22, 2005

States the intent of the Legislature to enact the necessary statutory changes to authorize a county and cities within that require the board of supervisors of each county to negotiate with the governing body of qualified cities within the county to exchange allocations of transfer from the county treasury to those cities, an amount equal to a portion of ad valorem property tax revenues between apportioned to the county and those cities. By requiring counties and cities to engage in these negotiations, this bill would impose a state-mandated local program. If the Commission on

Status: In Local Government Committee. Hearing canceled at author's request.

ACA 7 Local Governmental Taxation: Special Taxes

Introduced by: Assembly Member Nation

This measure would change the 2/3 voter-approval requirement for special taxes to instead authorize a city, county, or special district to impose a special tax with the approval of 55% of its voters voting on the tax. *Status: In Appropriations.*